



FTK

State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR JASON WELCH
THIRTY-FIRST SENATE DISTRICT

LEGISLATIVE OFFICE BUILDING
SUITE 3400
HARTFORD, CONNECTICUT 06106-1591
CAPITOL: (860) 240-8800
TOLL FREE: 1-800-842-1421
FAX: (860) 240-8306
E-mail: Jason.Welch@cga.ct.gov

MINORITY WHIP

RANKING MEMBER
PUBLIC HEALTH COMMITTEE

MEMBER
APPROPRIATIONS COMMITTEE
INTERNSHIP COMMITTEE
JUDICIARY COMMITTEE

Public Hearing Testimony
February 21, 2012
Insurance and Real Estate Committee
Jason Welch, State Senator, 31st District

Re: SB 96 - An Act Exempting Municipalities from the Health Insurance Premium Tax.

Good morning Senator Crisco, Representative Megna, Ranking Members Kelly and Sampson and members of the Insurance and Real Estate Committee. Thank you for the opportunity to submit testimony in support of SB 96 - An Act Exempting Municipalities from the Health Insurance Premium Tax.

Under existing law, municipalities that are fully insured pay an additional tax of 1.75% on their health insurance premiums. While the tax is assessed against the insurer, this cost is passed along to the municipality. However, municipalities that are self-insured do not pay this tax.

There are several exemptions to the insurance premium tax, most notably the state's health insurance plan and MEHIP. It is somewhat interesting that if a municipality were to procure their health insurance through the state they would not be assessed a tax while if they were to go out into the private market they would.

While many municipalities may be able to self-insure themselves, barriers remain in place for many, especially smaller municipalities. The state should seek to have a policy in place with respect to insurance premium taxes that does not penalize a municipality simply because of their inability or desire not to self-insure.

Last session, OFA estimated that eliminating the insurance premium tax would save municipalities \$7.7 million in FY2013. This would be an immediate savings that municipalities would realize. Passage of this legislation would bring immediate relief to municipalities that are unfortunate enough to have to pay this tax.

In closing, I would like to thank the co-chairs for their willingness to raise SB 16 this session. I sincerely hope that the committee looks favorable on this bill so that it can make its way through the legislative process.

Sincerely,

Jason Welch